

**2004 Dairy Disaster Assistance Program****Overview**

The U.S. Department of Agriculture's (USDA) Farm Service Agency's (FSA) 2004 Dairy Disaster Assistance Payment (DDAP) Program provides up to \$10 million to assist dairy producers who experienced losses due to the 2004 hurricanes.

Hurricanes Charley, Frances, Ivan and Jeanne severely impacted dairy producers in certain areas of the southeastern United States during August and September of 2004. Many dairy producers incurred devastating decreases in production due to cattle losses and milk that had to be dumped due to lack of electricity, closed milk plants and damaged containment equipment.

DDAP will help address dairy producers' 2004 calendar-year losses by providing payments to offset part of the per-pound losses incurred to commercially marketed milk in the United States. The program is authorized by the Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act of 2005, enacted on October 13, 2004.

Eligibility

To be eligible, dairy producers must:

- Have produced and commercially marketed milk in the United States during the 2004 calendar year;
- Be associated with a dairy operation located in a county declared a disaster by the President due to a hurricane that occurred in 2004;
- Have suffered dairy production and dairy spoilage losses due to the hurricanes; and
- Be in compliance with the Highly Erodible Land Conservation and Wetland Conservation provisions of 7 Code of Federal Regulations, part 12, for the 2004 calendar year, as applicable.

Dairy producers in counties contiguous to an approved county are ineligible.

Evidence of Loss

To be approved for program assistance, producers must provide FSA with:

- Adequate proof of the dairy operation's commercial production, including any dumped production, for each month beginning with July 2004 and ending October 2004;
- Certification, and proof as requested, that losses for which compensation is claimed were hurricane-related.

Adequate production evidence may include tank records, milk handler records, daily milk marketings, copies of payments received from other sources for production, or spoilage losses or similar documents.

FSA will use the production evidence to establish the commercial marketing history of the dairy operation so that production and spoilage losses can be computed.

Calculating Losses

FSA will base dairy production and spoilage losses on the established history of the operation's actual commercial production marketed from July through October 2004, and actual production dumped from August through October 2004.

FSA will use July 2004 to establish the base production for the dairy operation. FSA will adjust the base production downward by a percentage for the months of August through October 2004, to account for the seasonal decline that occurs during those months. FSA will calculate the base production for August through October as follows:

- August base production = July base production reduced by 9 percent;

- September base production = July base production reduced by 15 percent; and
- October base production = July base production reduced by 11 percent.

A producer's eligible dairy production and spoilage losses will be the new base production calculated as above *minus* the actual commercially marketed production *plus* any dumped pounds of production for each corresponding month.

Sign-up

DDAP sign-up is from August 15, 2005, to September 9, 2005, at local FSA offices. Applications are available at local FSA offices and on FSA's Web site at: disaster.fsa.usda.gov

Payments

Subject to the availability of funds, the payment rate for eligible production and spoilage losses is (depending on the state) the average monthly Mailbox milk price for the Florida, the Southeast, or the Appalachian States Marketing Orders as reported by the Agricultural Marketing Service during the months of August, September, and October of 2004.

The maximum payment rates for eligible losses for dairy operations located in specific states are as follows:

- Florida - \$17.62 per hundredweight (\$0.1762 per pound);
- Alabama, Georgia, Louisiana, and Mississippi - \$16.26 per hundredweight (\$0.1626 per pound); and
- North Carolina and South Carolina - \$15.59 per hundredweight (\$0.1559 per pound).

Each dairy operation's payment is calculated by multiplying the applicable payment rate (described above) *times* the operation's total eligible losses.

In the event available funds are insufficient to compensate eligible producers, eligible losses above 20 percent will be paid at the maximum per pound rate and losses below 20 percent will be made at a rate that will exhaust the available funds that remain following payment of eligible losses at the higher level.

Producer payments will be disbursed according to each producer's share of the dairy operation's production, as specified in the application.

Payments will begin soon after sign-up ends on September 9, 2005.

For More Information

More information on DDAP is available at local FSA offices and on FSA's Web site at: disaster.fsa.usda.gov

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